

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ADP-00 AID-20 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

DODE-00 PM-07 H-02 L-03 PA-03 PRS-01 USIA-12 INT-08

AGR-20 TAR-02 EA-11 EUR-25 DOTE-00 RSR-01 /220 W

----- 055914

R 111750Z JUL 73

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8602

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL RECIFE

AMCONSUL SAO PAULO

AMCONSUL BELEM

AMCONSUL SALVADOR

AMCONSUL PORTO ALEGRE

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E. O. 11652: N/A

TAGS: BEXP

SUBJECT: FY-1974 COMMERCIAL OBJECTIVES FOR BRAZIL

REF: STATE 12837

1. BRAZIL'S TOTAL IMPORTS ARE INCREASING BY SOME 30 PERCENT ANNUALLY WITH INCREASE OF 128 PERCENT FROM 1968 TO 1972. IMPORTS FROM THE US DURING SAME PERIOD INCREASED BY ONLY 98 PERCENT REFLECTING FACT THAT US SHARE OF BRAZIL'S IMPORTS DECREASED FROM 33 PERCENT IN 1968 TO 28.5 PERCENT IN 1972. WEST EUROPEAN AND JAPANESE SHARES BRAZILIAN MARKET GAINED RAPIDLY DURING THIS PERIOD.

2. IN ORDER TO IMPROVE US SAHRE BRAZILIAN MARKET, EMBASSY PROPOSES FOLLOWING COMMERCIAL OBJECTIVES FOR FY 1974

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(ORDER DOS NOT INDICATE ORDER OF PRIORITY):

OBJECTIVE ONE: INCREASE US SHARE OF BRAZILIAN MARKET FOR AIRCRAFT AND AIRCRAFT PARTS AND AIRPORT EQUIPMENT. ACTION ONE: SUPPORT US EXHIBITION OF AVIATION PRODUCTS AT SAO PAULO AEROSPACE SHOW IN SEPT 1973. ACTION TWO: FACILITATE EFFORTS OF US MANUFACTURES OF SMALLER AIRCRAFT TO NEGOTIATE FAVORABLE JOINT VENTURE OR LICENSING ARRANGEMENTS WITH EMBRAER. (PIPER, CESSNA AND BEECHCRAFT) ACTION THREE: SUPPORT SALES OF JET AIRCRAFT TO BRAZILIAN AIRLINES. (BOING AND M D SALES TO VARIG, VASP, TRANSBRASIL AND CRUZEIRO). ACTION FOUR: INCREASE PROSPECTS FOR SALE OF US EQUIPMENT AND SERVICES TO NEW SAO PAULO INTERNATIONAL AIRPORT.

OBJECT TWO: SUPPORT US MANUFACTURES AND US CONSTRUCTION AND DESIGN CONTRACTORS IN SECURING ADDITIONAL EXPORT SALES FROM BRAZILIAN INVESTMENTS IN ELECTRICAL POWER GENERATION AND TRANSMISSION. ACTION ONE: SUPPORT EFFORTS OF US PARTICIPANTS IN POWER EQUIPMENT TECHNICAL SALES SEMINAR IN SAO PAULO, JULY 19-23, SEEKING DISTRIBUTORSHIPS AND ASSOCIATIONS WITH BRAZILIAN FIRMS. ACTION TWO: ASCERTAIN BIDDING PROCEDURES MOST LIKELY TO BE EMPLOYED AT ITAIPU PROJECT AND THEIR POTENTIAL IMPACT ON THE COMPETITIVE POSITION OF US FIRMS, (INDIVIDUAL OR IN CONSORTIUM) AT ITAIPU AND OTHER MAJOR INDUSTRIAL PROJECTS. ACTION THREE: BASED ON RESULTS OF POWER EQUIPMENT TECHNICAL SALES SEMINAR IN SAO PAULO, IDENTIFY MOST PROMISING PRODUCT SUB-GROUPS (E. G., LONG-LINE TRANSMISSION EQUIPMENT) IN ELECTRIC POWER INDUSTRY FOR DEVELOPMENT OF SPECIFIC TRADE OPPORTUNITIES.

OBJECTIVE THREE: INCREASE US PARTICIPATION IN BRAZILIAN MARKET FOR CHEMICAL AND PETROCHMICAL PROCESSING EQUIPMENT. (BRAZILIAN IMPORTS OF CHEMICAL AND PETROCHEMICAL PROCESSING EQUIPMENT FOR EXPANSION AND INSTALLATION OF GOVERNMENT APPROVED PROJECTS WAS ESTIMATED AT NEARLY \$100 MILLION FOR 1971). ACTION ONE: CHEMICAL AND PETROCHEMICAL EQUIPMENT SURVEY SCHEDULED FOR COMPLETION IN OCT 1973. ACTION TWO: UTILIZE RESULTS OF SURVEY IN UNCLASSIFIED

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ORGANIZING ANALYTICAL AND PROCESS INSTRUMENTATION TECHNICAL SEMINAR/TRADE MISSION SCHEDULED FOR APRIL 1974. OBJECTIVE FOUR: INCREASE US SHARE OF ELECTRONIC PRODUCTS AND RELATED EQUIPMENT. ACTION ONE: SUPPORT COMPUTER SERVICES TRADE MISSION/SEMINAR SCHEDULED FOR OCT 1973. ACTION TWO: COMPLETE MARKET STUDY ON ELECTRONIC COMPONENTS (SCHEDULED FOR NOV 1973) AND DESK STUDY OF ELECTRONIC INDUSTRY PRODUCTS AND TEST EQUIPMENT. ACTION THREE:

RESCHEDULED SCIENTIFIC APPARATUS MAKERS (SAMA) TRADE MISSION (RIO 2221) FOR SECOND HALF FY 1974 AND URGE INCLUSION OF MAXIMUM AMOUNT OF ELECTRONIC PRODUCTS AND RELATED EQUIPMENT. OBJECTIVE FIVE: INCREASE US SHARE OF MARKET FOR TEXTILE MACHINERY: (BRAZIL'S IMPORTS OF TEXTILE MACHINERY IN 1971 TOTLED \$52 MILLION, OF WHICH US SUPPLIED 21 PERCENT). ACTION ONE: ACTIVELY PROMOTE BRAZILIAN ATTENDANCE AT AMERICAN TEXTILE MACHINERY EXHIBITION INTERNATIONAL -1973 IN OCT 1973 IN GREENVILLE, SOUTH CAROLINA. BASED ON PAST EXPERIENCE (RIO A-91) THIS TYPE OF PROMOTION BRINGS GOOD SALES RESULTS. FOLLOWING SHOW, POLL VISITORS FROM BRAZIL TO DETERMINE BALANCE OF PAYMENTS EFFECT OF THEIR PRESENCE AT SHOW ANT TO DETERMINE TYPES OF MACHINERY PURCHASED. ACTION TWO: UTILIZE RESULTS MARKET RESEARCH SCHEDULED FOR COMPLETION IN OCT 1973 TO SUPPORT US TEXTILE TRADE MISSION SCHEDULED FOR JUNE 1974.

OBJECTIVE SIX: INCREASE IMPORTS OF US AGRICULTURAL PROCESSING MACHINERY AND EQUIPMENT. (BRAZILIAN PRODUCTION OF AGRICULTURAL PRODUCTS IS EXPANDING RAPIDLY). ACTION ONE: BASED ON AVAILABLE RESEARCH, ORGANIZE AND SUPPORT US TRADE MISSION FOR AGRICULTURAL PROCESSING MACHINERY. US COMPANIES THIS AREA POORLY REPRESENTED. ACTION TWO: INFORM US COMPANIES ABOUT AND ENCOURAGE THEIR PARTICIPANTION IN INDUSTRIAL AND TECHNOLOGICAL FOOD FAIR TO TAKE PLACE IN NOVO HAMBURGO IN MARCH 1974. ACTION THREE: PROMOTE COMMERCE SPONSORED US PARTICIPATION ESTEIO. INTERNATIONAL LIVESTOCK SHOW.

OBJECT SEVEN: INCREASE US SALES TO BRAZIL OF MACHINE TOOLS. ACTION ONE: STRONG SUPPORT FOR NMTBA MISSION IN LATE NOW 1973. ACTION TWO: COMPLETE COMMERCE FINANCED MARKET SURVEY.

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R 111800Z JUL 73
FM AMEMBASSY BRASILIA
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3. BASIC ANALYSIS: ANALYZE BRAZILIAN IMPORT STATISTICS FOR 1971/1972, LATER INCLUDING 1973. SUCH ANALYSIS HAS NOT BEEN POSSIBLE DUE TO LACK OF GOB STATISTICS COVERING 1971/1972 IMPORTS. ANALYSIS SHOULD BEGIN WITH IMPORT FIGURES, NOW BECOMMING AVAILABLE, 1972 FIGURES EXPECTED IN OCT 1973 AND WILL BE USED ASAP TO COMPLETE 71/72 PICTURE. 1973 FIGURES EXPECTED IN APRIL / MAY 1974, THUS ENABLIG COMPLETION OF THREE-YEAR TREND STUDY WHICH WILL SERVE AS BASIS FOR CONCENTRATED PROMOTIONAL EFFORTS OF AMERICAN PRODUCTS IN VARIOUS AREAS. PROMOTION ACTIVITIES, WHICH CAN START UPON COMPLETION ANALYSIS 1971 DATA, TO INCLUDE DESK STUDIES, PLANT VISITS, PREPARATION OF TRADE OPPORTUNITIES, LOCATION OF DISTRIBUTORS AND PROMOTION OF ATTENDANCE AT US FAIRS IN ADDITION TO ORGANIZATION OF TRADE MISSIONS AND EXHIBITIONS IN BRAZIL. AS INDICATED BRASILIA 3803, PARA E, ALLOTMENT OF UNCLASSIFIED

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\$5,000 NEEDED TO FINANCE COMPIILATION AND STUDY, ENABLING IT BECOME COMPLETED PROMPTLY DELAYING OTHER EXPORT PROMOTION ACTIVITIES.

4. RESOURCE REALLOCATION: ACTION ONE: ELIMINTATION OF CERP 0404, INDUSTRIAL OUTLOOK REPORT: FISHING INDUSTRY - BRAZIL. THIS REPORT IS TIME CONSUMING IN PREPARATION AND DOES NOT SUPPORT US EXPORT PROMOTION PROGRAM. ACTION TWO: MINIMIZE POST SUPPORT FOR STATE IOGA MISSIONS. RESULTS FROM THESE MISSION DO NOT WARRANT THE TIME SPENT ON THEM.

5. WE REGRET THE FACT THAT DESPITE PREVIOUS EMBASSY RECOMMENDATIONS, WE ARE UNABLE TO INCLUDE A HARD HITTING PROGRAM FOR A TRADE CENTER IN SAO PAULO WITHIN FY 1974 COMMERCIAL ACTIVITIES. WE AGAIN STRONGLY RECOMMED THE ESTABLISHMENT OF A TRADE CENTER IN SAO

PAULO AS AN ESSENTIAL VEHICLE FOR EXPORT PROMOTION.
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